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ABSTRACT

This module is one of a set of seven prepared in conjunction with the Title I "Project to Train Volunteer Leaders to Conduct Consumer Education Courses." It is designed to be a basic text for use in making a one-hour presentation on rights and responsibilities in the marketplace. Topics include the six basic rights of consumers; responsibilities of consumers, especially as they relate to rights; the roles of business, the federal government, and consumers as they interact in the functioning of the American marketplace; important historical events in the consumer movement through the decade of "consumerism"; six proposals to strengthen the power of consumers; and the impact of one's economic ideology upon interpretation of consumer issues. An accompanying slide set is keyed to the text of the module. (An illustration of each slide is provided). Also included is an information sheet on recent consumer protection legislation and rulings, a multiple-choice quiz, discussion questions, and a bibliography. (CT)

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ED201896

RIGHTS AND RESPONSIBILITIES IN THE MARKETPLACE

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U S DEPARTMENT OF HEALTH, EDUCATION & WELFARE
NATIONAL INSTITUTE OF EDUCATION

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CE 029 050

CONSUMER EDUCATION PROJECT
Project to Train Volunteer Leaders to Conduct
Consumer Education Courses
Title I Higher Education Act of 1965
Grantee Institution: Northern Virginia Community College
1978

Consumer Education Project

This module is one of a set of seven prepared in conjunction with the Title I "Project to Train Volunteer Leaders to Conduct Consumer Education Courses." It is designed to be a basic text for use in making a one-hour presentation. Through use of the attached bibliography, a more in-depth knowledge can be acquired and the presentation expanded. For shorter presentations, portions of it can be extracted. A slide set accompanies each module and is keyed to the text of the module. For a guide to presentation skills, the reader is referred to the module entitled Leadership and Teaching Skills.

Volunteers throughout the Northern Virginia area have been trained to give presentations on the following six consumer-related topics for which modules have been developed:

Rights and Responsibilities in the Marketplace
How to Buy Goods and Services
Personal Money Management
Legal Aspects of the Marketplace
Credit
Sources of Consumer Assistance

The services of these volunteers are available to citizen groups, schools, and organizations through the state and local consumer affairs offices listed in the paragraph below. The purpose of this program is to increase consumer awareness and raise the level of individual consumer competency among our citizens.

The grant establishing this project was awarded to Northern Virginia Community College by the State Agency for Title I under the Higher Education Act of 1965. The program, however, is a cooperative effort involving the Consortium for Continuing Higher Education in Northern Virginia, George Mason University, the University of Virginia, Virginia Polytechnic Institute and State University, as well as the Virginia Office of Consumer Affairs, the Alexandria Office of Consumer Affairs, the Arlington County Office of Consumer Affairs, the Fairfax County Department of Consumer Affairs, and the Prince William County Office of Consumer Affairs.

For additional information, call or write:

Consumer Education Project
c/o Virginia State Office of Consumer Affairs
3016 Williams Drive
Fairfax, Virginia 22031
Telephone: 573-1286

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VOLUNTEER LEADER'S GUIDE

RIGHTS AND RESPONSIBILITIES IN THE MARKETPLACE

Introduction

This guide is intended to provide a framework around which you can build your presentation. While it is complete enough for you to read verbatim and make a passable talk on consumer rights and responsibilities, your presentation will be much more interesting if you add to it from your own background and research. A selected bibliography is provided for your use in researching your subject and expanding this guide. You should keep abreast of new developments in consumer rights and responsibilities and incorporate them in your presentation when you can.

Pre-presentation Arrangements

Check the facility in which your presentation is to be made to insure that:

1. Seating is adequate and as comfortable as possible.
2. All audio-visual equipment and materials are present and in proper working order.
3. Lighting and projection equipment operate properly.
4. You know where the switches for lights and electrical outlets are, and how they work.
5. Handout materials are available in sufficient quantities for the prospective audience.
6. Others involved in the presentation, either as technicians or guest speakers, know how they fit into the presentation schedule.

Presentation Outline

I. TITLE: Rights and Responsibilities in the Marketplace

II. OBJECTIVES: Upon completion of this presentation participants will be able to:

A. Describe the six basic rights of consumers.

B. Identify responsibilities of consumers especially as they relate to rights.

C. Describe the roles of business, the federal government and consumers as they interact in the functioning of the American marketplace.

D. List important historical events in the consumer movement through the decade of "consumerism."

E. Describe six proposals to strengthen the power of consumers.

F. Explain the impact of one's economic ideology upon interpretation of consumer issues.

III. LENGTH: 1½ hours (This time may be increased or decreased according to the needs of the audience, your ability as an instructor, and the time available.)

IV. AUDIO-VISUAL AIDS:

A. Slide set, "Rights and Responsibilities in the Marketplace," consisting of 39 slides.

B. Thirty-five millimeter carousel projector.

C. Chalkboard, chalk and eraser.

V. TEACHING PROCEDURE:

Note: In the following material, instructions are single-spaced and the text of the presentation is double-spaced.

Special Instructions	Instructor Reference
Write your name on the chalkboard.	
Turn on the projector and show slide RR-1 Project Slide	RIGHTS AND RESPONSIBILITIES IN THE MARKETPLACE Consumer Education Project PROJECT TO TRAIN VOLUNTEER LEADERS TO CONDUCT CONSUMER EDUCATION COURSES--TITLE I, HIGHER EDUCATION ACT OF 1965 Grantee Institution--Northern Virginia Community College RR-1

A. Introduction

1. Introduce yourself and give the title of your presentation. If the

format of your presentation is to be a discussion, and the audience is small enough, you may want to conduct self introductions. If you do, you should ask each participant to give his name and a little information about his background.

Show slide RR-2
Rights and Responsibilities in the Marketplace

RIGHTS AND RESPONSIBILITIES IN THE MARKETPLACE

* Consumer Rights
* Consumer Responsibilities
* Roles of Government, Business, and Consumers
* History of Consumerism
* Economics of Consumerism

RR-2

2. Briefly outline your qualifications to discuss this particular subject.

3. Explain the importance of knowing their rights and responsibilities for consumers in general and for this group in particular.

Show slide RR-3
Specific Objectives

SPECIFIC OBJECTIVES

Upon completion of the presentation participants will be able to:

* Describe the six basic rights of consumers.
* Identify responsibilities of consumers especially as they relate to rights.
* Describe the roles of business, the federal government, and consumers as they interact in the functioning of the American marketplace.

RR-3

Show slide RR-4
Specific Objectives
(Continued)

SPECIFIC OBJECTIVES (CONTINUED)

* List important historical events in the consumer movement through the decade of consumerism.

* Describe six proposals to strengthen the power of consumers.

* Explain the impact of the consumer's economic ideology on his interpretation of consumer issues.

RR-4

4. State the specific objectives of your presentation in terms of what the participants will be able to do upon its completion.

5. Explain any evaluation procedure you plan to use to measure accomplishment of these objectives. The procedure you use should be non-threatening to the participants and designed to measure your effectiveness as a presenter rather than their proficiency as learners. If you wish to use a quiz to summarize your presentation, a sample is provided at the end of the module.

6. Set the tone for your presentation.

a. Encourage questions and discussion.

b. Explain the availability of handouts and how they will be distributed.

c. Tell whether or not note-taking is desirable.

B. Presentation

1. The characteristics of the American marketplace are complex, but certain basic rights and responsibilities need to be well understood by consumers.

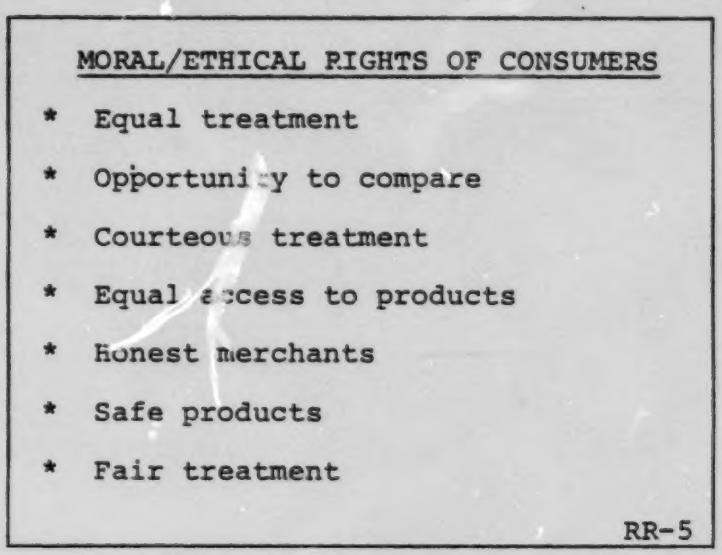
In the past, consumer rights were virtually ignored, and were often abused by business on the assumption that most consumers were not aware of them. Unfortunately that assumption was and is correct. With few exceptions, consumers, and even attorneys, still know little about their rights as consumers. Yet, if they desire to effectively function in the American marketplace, they must know their rights and exercise their responsibilities.

a. When a consumer purchases a new item and it does not work properly, he has the legal right to get the problem corrected. If it cannot be corrected, he should be able to get another similar item that does work or get his money back. When the merchant who sold a product does not respond to requests to repair or replace it when it fails to work after being purchased, the consumer may bring legal action to get his money back.

b. When a consumer buys a service of any kind, he has a legal right to expect quality, and the person

supplying the service has a legal obligation to stand by the quality of his work. If the service is not performed properly, the consumer has a right to get his money back or bring legal action to obtain satisfaction.

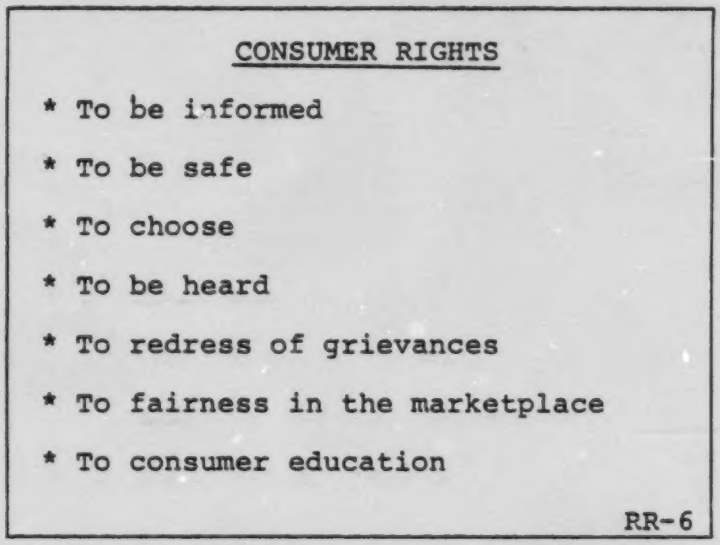
Show slide RR-5
Moral/Ethical Rights
of Consumers



c. Consumers also have moral or ethical rights in the marketplace. More often than not these rights are not automatically honored by people in business. They include: Being treated as equals in the marketplace; being given an opportunity to practice intelligent comparison shopping without interference; courteous treatment from merchants when shopping for goods or services; equal opportunity to purchase products and services available for sale; assurance

of honesty from merchants in each transaction; a guarantee that products manufactured are safe for all expected purposes; and fair treatment by sellers of products and services regardless of economic, political, religious, racial, or ethnic factors.

Show slide RR-6
Consumer Rights



d. President John F. Kennedy was the first president to formally proclaim consumer rights. Because his list of rights were not considered legal rights, they were classified as moral/ethical rights. The rights as President Kennedy set them down in 1962 are: The right to safety, the right to be informed, the right to choose, and the right to be heard. To these were later added, the right to redress of grievances, and the right to fairness in the marketplace.

e. President Lyndon B. Johnson expanded these rights by calling for a special consumer protection program. It included consumer aid in the areas of health and safety, auto insurance and repairs, warranties, guarantees, and deceptive sales practices. Some of Johnson's proposals were enacted by Congress and consequently became legal rights.

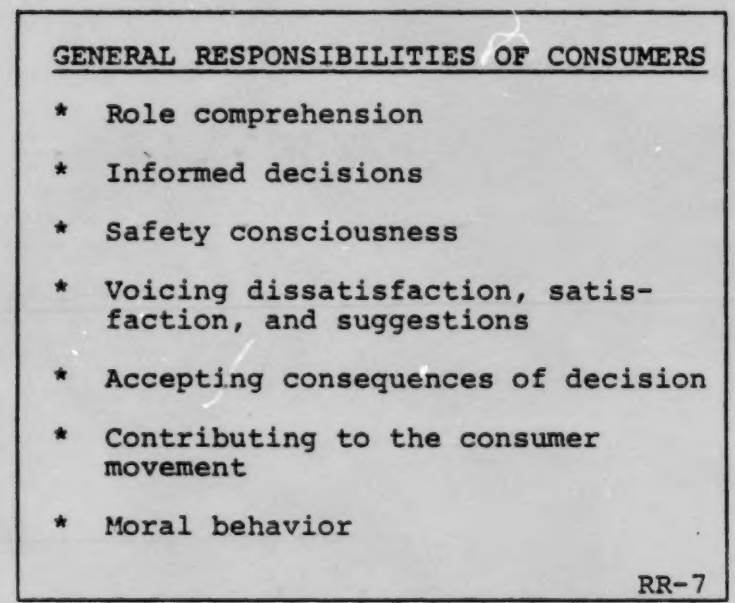
f. President Richard M. Nixon, in a special message to Congress, re-confirmed the rights of consumers with these words: "...we have adopted the concept of 'buyers' rights.' The buyer in America today has the right to make an intelligent choice...has the right to accurate information...has the right to health and safety...has the right to register his dissatisfaction, to provide greater personal freedom for individuals as well as better business to everyone in trade."

g. President Gerald R. Ford put his stamp of approval on the four rights stated by Kennedy and added, as a fifth right, that all consumers should have the "right to consumer education."

h. President Jimmy Carter during his first three months in office delivered two major addresses in support of the rights of consumers and called for passage of specific consumer protection legislation.

2. Consumers too often fail to obtain their rights because they do not exercise proper judgment and restraint. They must be aware of their rights and know what to do when they have been denied. With consumer rights come consumer responsibilities. Without them, the rights are worthless.

Show slide RR-7
General Responsibilities of Consumers



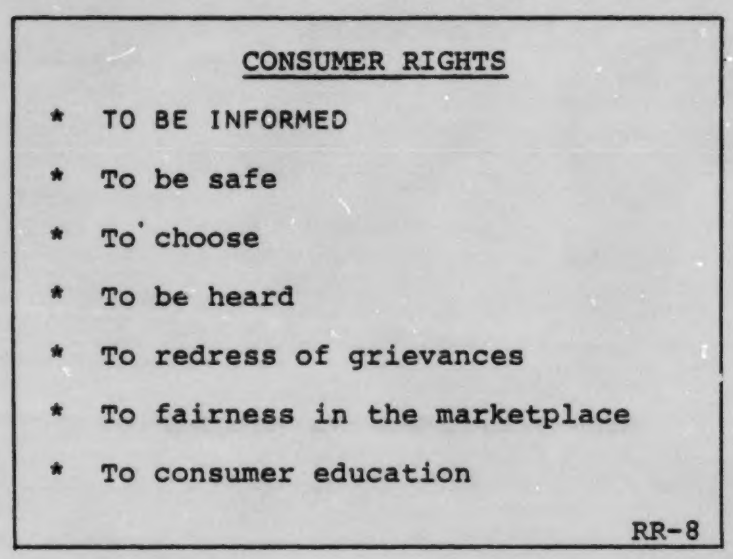
a. General responsibilities of consumers include: Comprehending the consumer's role and function in the

economy and the society; making decisions based on independent thinking and the effective use of information; being conscious of product safety information in the selection and use of commodities; voicing complaints, satisfactions, and suggestions; accepting the consequences of consumer decisions; contributing to the efforts of the consumer movement to help insure a fair marketplace for buyers and sellers; and exhibiting moral behavior as a consumer. Consumers who fulfill their responsibilities perform a most important function in the American economy--accurate economic voting. If a consumer complains about inferior merchandise or service rendered, the problem may not be immediately solved, but the complaints will certainly be a start toward getting it corrected. Consumers who do not take action when it becomes necessary are irresponsible. Since not all consumers stand up for their rights, the one who does probably represents the voices and concerns of 50, or perhaps, 100 others. A consumer who fails to carry out this responsibility

is, in effect, denying fellow citizens the benefit of his opinion.

b. There are also responsibilities related to some of the rights previously discussed.

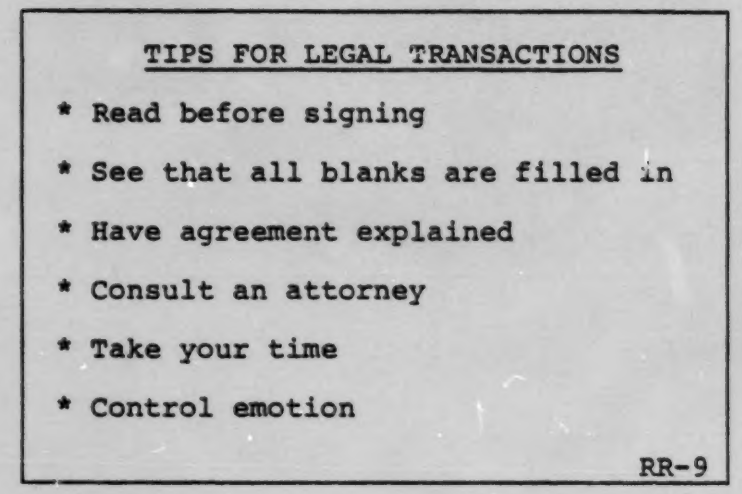
Show slide RR-8
Consumer Rights -
Right to be informed



1) The right to be informed includes a range of knowledge from the content of contracts to the safety features of items purchased.

a) One of the greatest abuses of consumer responsibility is the failure to be informed about the content of legal papers. A responsible consumer reads any agreement he is asked to sign, and if he does not understand it, asks questions. If he does this, he will be informed and will know what the consequences of his signature will be.

Show slide RR-9
Tips for Legal
Transactions


TIPS FOR LEGAL TRANSACTIONS
* Read before signing
* See that all blanks are filled in
* Have agreement explained
* Consult an attorney
* Take your time
* Control emotion
RR-9

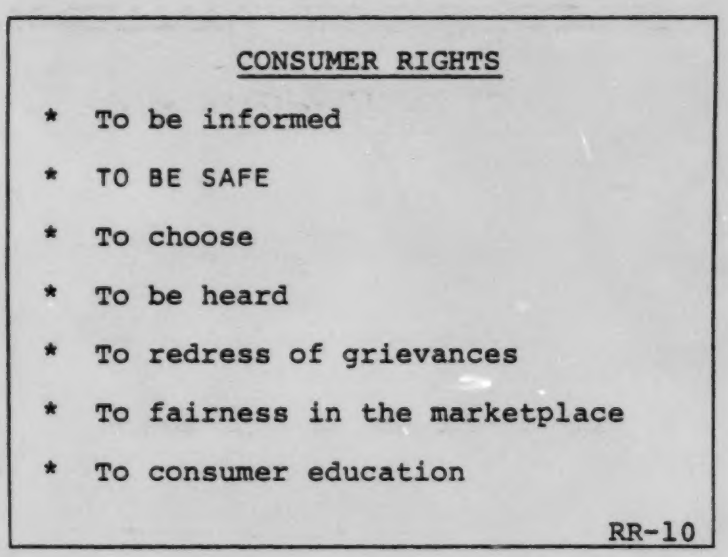
b) Before signing any legal document, the consumer should be sure all blanks are filled in. He should read the document, and, if he doesn't understand it, ask questions, or ask for an explanation of those parts that are confusing. If he still doesn't understand it, he should consult an attorney or the legal aide society in his community. When preparing to sign a contract, the consumer should not allow himself to be hurried and should be suspicious of any high pressure tactics to get him to sign.

c) Comparison shopping is one way in which a consumer can keep himself informed about products. By comparing price, quality, and performance the consumer serves himself and

informs merchants and producers that he is not satisfied with the choices they have available.

d) Other ways in which consumers can keep informed include actively searching for accurate information about products and services, reading advertisements carefully, analyzing and understanding performance claims, learning about new products and developments, asking sellers about products and services when complete information is not available, and making a continuing effort to become more knowledgable about the American marketplace.

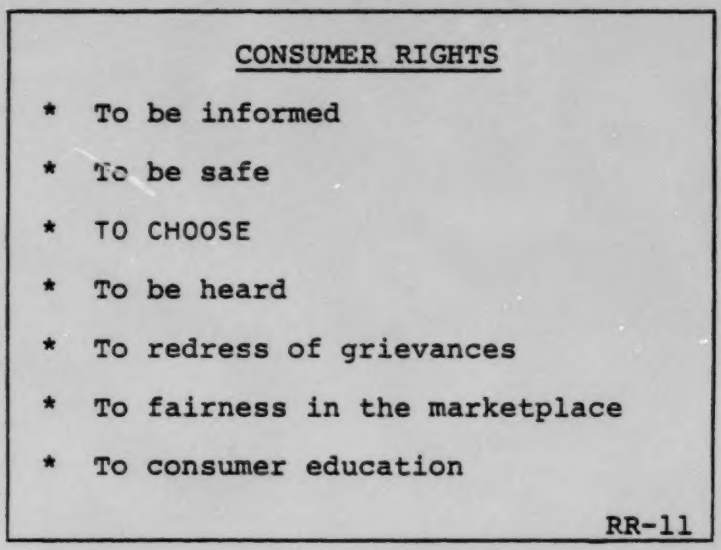
Show slide RR-10
Consumer Rights -
The right to safety



e) Responsibilities of consumers regarding the right to safety are closely related to those concerning

the right to be informed. Consumers should examine the safety features of prospective purchases; read and heed warning labels; read and follow care and use instructions carefully; assume personal responsibility for normal precautions when using any product; and inform retailers, manufacturers, business organizations, and government agencies when a product does not perform as claimed.

Show slide RR-11
Consumer Rights -
The right to choose



f) Regarding the right to choose, consumers have the responsibility to: Understand personal motivations for buying certain products and services; select carefully both merchandise and services while weighing many factors; exercise personal judgment in decision

making; avoid buying by habit; choose carefully the merchants from whom they buy; and practice comparative shopping.

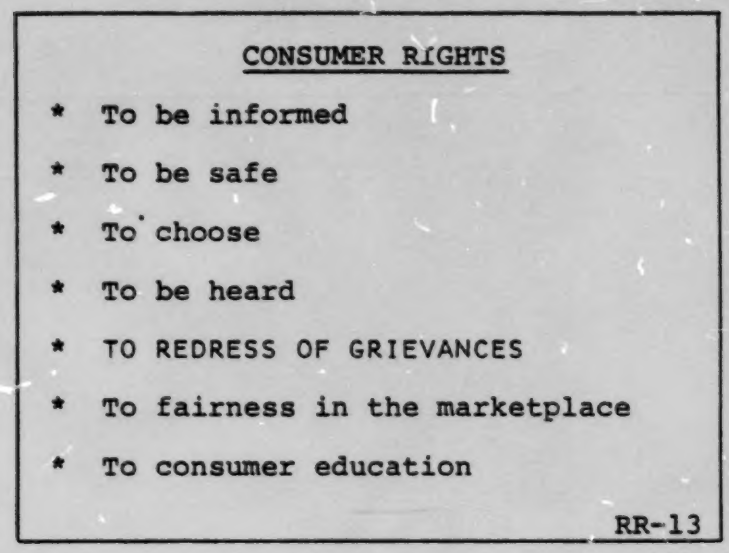
Show slide RR-12
Consumer Rights -
The right to be heard

CONSUMER RIGHTS
* To be informed
* To be safe
* To choose
* TO BE HEARD
* To redress of grievances
* To fairness in the marketplace
* To consumer education
RR-12

g) The consumer's right to be heard is also related to the right to be informed. Consumers should know where to go for help when seeking redress; speak up when errors occur or when quality or products or services are inferior; become informed about and speak up on larger issues that affect the public in general; make suggestions for product improvement; let merchants know about poor selling or merchandising practices, even though they may have nothing to do with product quality or price; seek to right wrongs occurring in the market-place; report favorable incidents to

retailers and manufacturers and tell them about quality of products, services, and general operations; and assist other consumers with their questions or grievances in the marketplace.

Show slide RR-13
Consumer Rights -
To redress of grievances



h) The consumer's right to redress in the marketplace is a most important one. Direct redress can be obtained from all persons or businesses who were directly involved in selling, distributing, or manufacturing products and providing services. Getting satisfaction about a grievance can occur indirectly by getting help from community groups, government agencies and self-regulating business organizations.

Show slide RR-14
Consumer Rights -
To fairness in the
Marketplace

CONSUMER RIGHTS

* To be informed
* To be safe
* To choose
* To be heard
* To redress of grievances
* TO FAIRNESS IN THE MARKETPLACE
* To consumer education

RR-14

i) The consumer's right to fairness in the marketplace is fundamental to the American system. Every person of any age, sex, race, color or creed should be treated equally in all marketplace transactions. Consumers need to be aware of their right to equity and fair treatment.

Show slide RR-15
Consumer Rights -
To consumer education

CONSUMER RIGHTS

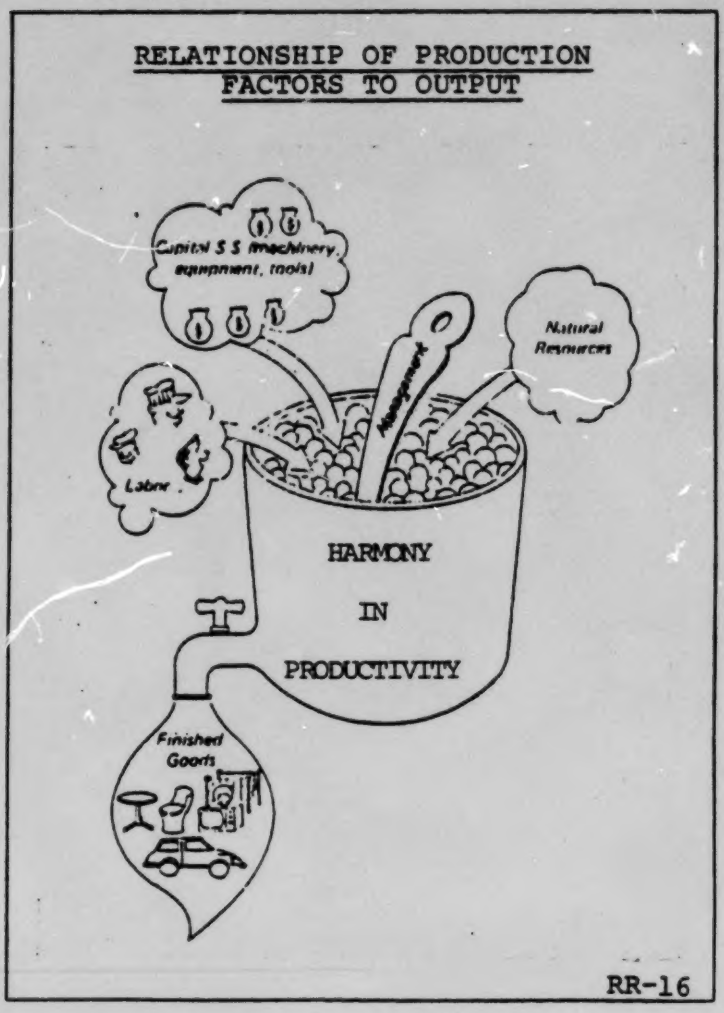
* To be informed
* To be safe
* To choose
* To be heard
* To redress of grievances
* To fairness in the marketplace
* TO CONSUMER EDUCATION

RR-15

j) President Ford first supported the right to consumer education by

encouraging its inclusion in regular school instruction, community services, and adult/continuing education programs, so that consumers would know how to plan and use their resources to the maximum.

Show slide RR-16
Relationship of Production Factors to Output



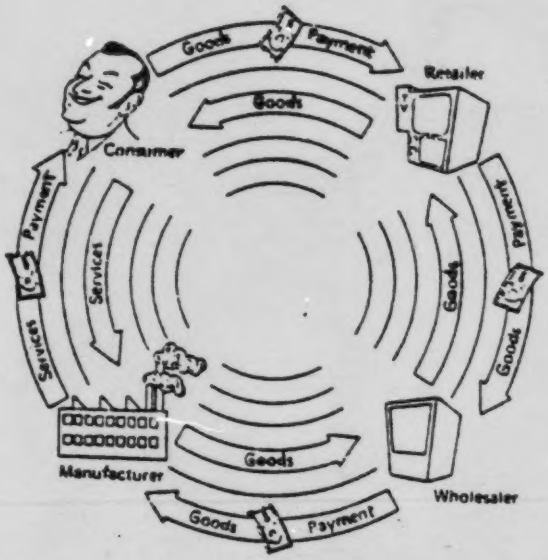
3. To function effectively, the American market system depends on the cooperative efforts of several components. These include businesses, government at all levels, and millions of consumers

throughout the country. Altogether they determine what, how, how much, and for whom the goods and services are produced. The central economic problem in the American market system is that of satisfying unlimited wants with limited resources. People's wants are unlimited, variable and changing. It is impossible to satisfy all of them with limited resources; therefore, priorities must be established. The task of the economic system is to try to determine the best combinations of the various resources involved. Consideration must be given to how much is to be produced, and for whom. It all comes back to the fundamental laws of supply and demand--business will usually supply goods that are demanded by the public at a satisfactory price. Consumers in the marketplace continually demand products through their purchases. As demand for products increases, the manufacturer will try to supply more. As the manufacturer needs more resources, the market prices paid help decide who is to be allocated these resources. As a resource in demand becomes more scarce, the price normally

rises. Thus, higher prices place a restriction on allocation. Subsequently, "allocation priorities of resources" are established and prices reach a point where demand for a resource is roughly equal to supply. Although money may be plentiful (purchasing power is high) the resource being sought after may be scarce. Priorities are established by prices as well as public policies on the national level, to help assure that resource allocations are wise. Conversely if buying power is low, regardless of availability, resources will not be used since there is no <u>demand</u> because there is neither <u>willingness</u> nor <u>ability</u> to buy.

Show slide RR-17
Circular Flow of
Goods and Services

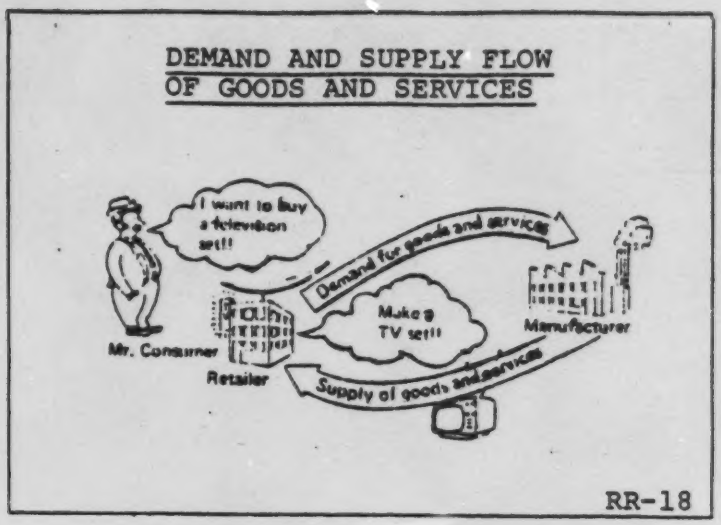
CIRCULAR FLOW OF GOODS AND SERVICES



RR-17

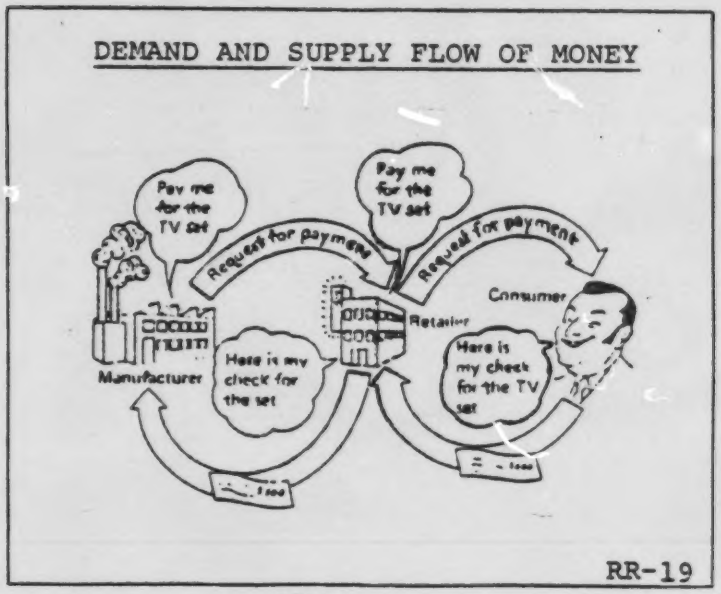
a. Obviously, the factors involved in production make a major contribution to the American market system. Another important component is that of distribution to the ultimate consumer. As the produced goods are transported from manufacturer to consumer, money also moves from the consumer to the manufacturer. Together, the production and distribution processes give us a picture of the basic functions in the economy. Another term to describe the economic activity of both consumers and businesses is circular flow which includes the productive efforts of the individuals as workers and the subsequent payment for these efforts by business. An integral part of this cycle is the demand for the productive efforts of business by individuals, and the supplying of these demands by business through the productive contributions of individuals. The simultaneous money flow from consumers to businesses in payment for the produced goods is also part of the circular flow.

Show slide RR-18
Demand and Supply
Flow of Goods and
Services



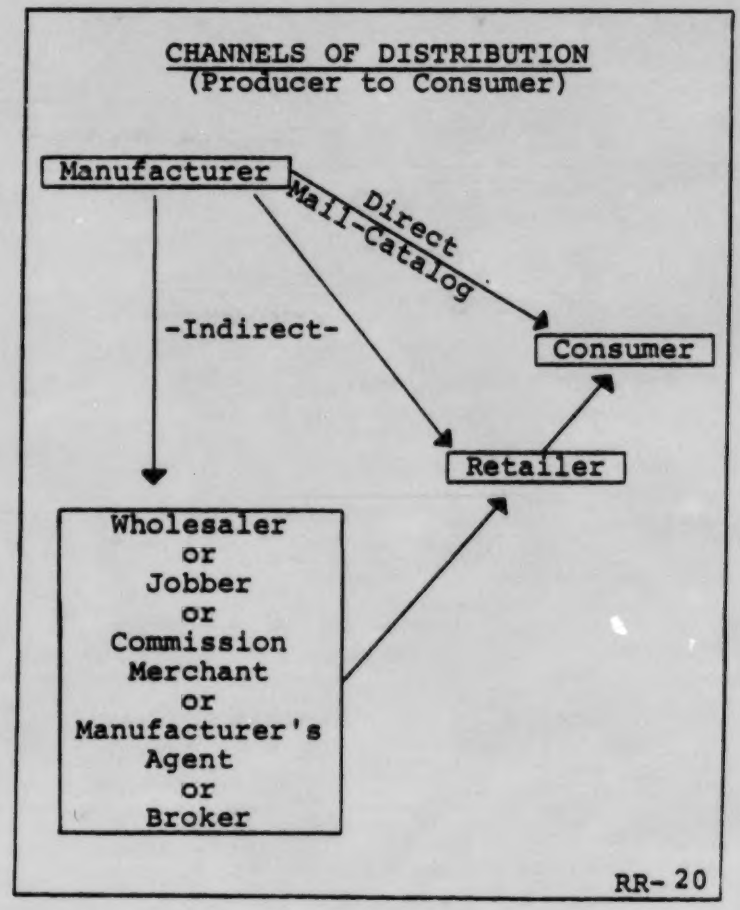
b. These circular patterns work together for the satisfaction of workers, businesses, consumers, and sellers. None of the patterns can remain isolated; where one stops, another starts. Or, in other cases, while one goes on, another goes on simultaneously.

Show slide RR-19
Demand and Supply
Flow of Money



Of major importance in the analysis and the understanding of the concept of circular flow is the recognition of the interdependence of all factors. Business depends on individuals to do work, individuals depend on business to employ them, consumers depend on business for goods and services, business depends on consumers to buy. All must work together.

Show slide RR-20
Channels of Distribution



Another type of flow which is important to consumers is that which gets goods to them from the manufacturer. There are several such channels of distribution. The channel used can be either direct or indirect from the producer to the consumer. For the most part the particular channel used depends upon the convenience or service sought by the consumer. For example, it is more convenient to buy shoes locally than to order directly from a manufacturer, or to travel to the nearest wholesaler. Also, it is more convenient and less costly for a manufacturer to sell to a few hundred wholesalers than to several thousand retailers. And service on appliances, for example, can be provided more quickly and effectively by a local retailer than a manufacturer or wholesaler. In the marketplace the consumer chooses from the available channels of distribution when he buys any product or service.

4. To better understand the interactions of the marketplace, one needs to examine the role of business, the role of the federal government, the

role of consumers in satisfying their economic goals, and the interactions of the functions of the American market system itself. The role of business includes regulatory responsibility, pace setting, and self-policing. Ultimately business is held accountable to itself, the government, and the consumers in its operations in the marketplace. Business owners and managers and the public have frequently looked to government for regulatory guidelines and enforcement in consumer and environmental affairs. In a market-directed economy, government regulation should be used as a last resort. Businesses should absorb more regulatory responsibility than they have. If unsafe products are being manufactured, it should not be necessary for the Consumer Product Safety Commission to issue regulations requiring that the business concerned notify the government that this product, as tested, is unsafe. And, if air and water are being polluted by business operations, the business, not the government, should take on the regulatory

responsibility to monitor its own operations for both quality and safety. If business does not assume this regulatory role in a more capable manner, more will have to be done by government. It is the responsibility of private industry in a market-directed economy to be the leader and set the pace, and not allow the government to do too much of the planning and research. Business needs to lead, not follow, in the free enterprise system.

a. To help determine how to set examples, what to manufacture, or the qualities to establish, business officials need to listen to their employees and to the public.

b. Business is beginning to police itself on the quality of the products and/or services it renders to customers. Several companies have established consumer affairs departments within their organizations. These departments help customers with complaints about a product or service, with problems about the company, and provide information to the public. Feedback from the consumer affairs specialists in these departments help

management with quality control for both products and services. Thus, self-policing comes about through the help of their customers. More needs to be done.

Show slide RR-21
How Americans Judge
Basic Institutions

HOW AMERICANS JUDGE BASIC INSTITUTIONS

Using a scale of 1 (poor) to 7 (excellent), here is the way those surveyed rank industries, professions and institutions for:

Honesty, Dependability and Integrity	Average Rating
1. Banks	5.00
2. Small businesses	4.62
3. Organized religion	4.57
4. Medical profession	4.49
25. Federal bureaucracy	2.63
26. Politicians	2.33

Ability to "Get Things Done"	Average Rating
1. Banks	5.06
2. Television	4.81
3. Medical profession	4.78
4. Newspapers	4.74
25. Politicians	2.58
26. Federal bureaucracy	2.57

Source: U.S. News and World Report, September 13, 1976, p. 41.

RR-21

c. Accountability is not a new concept. It is, however, getting renewed emphasis as the public becomes more concerned about inflation, air and water pollution, and the quality of

products and services. Since businesses are involved directly and indirectly in the manufacture and distribution of products or services that cause economic or other problems in the marketplace, they are the logical ones to be held accountable. How the public ranks our basic institutions reflects the degree of confidence it has in them. According to a recent report, among our American institutions, banks and small businesses enjoy the best reputation for honesty, dependability, and integrity while banks and television have the best reputation for getting things done. Regardless of how or for what, business is held accountable. Such accountability for its deeds and misdeeds will help ensure quality in the marketplace.

5. At times the federal government steps in to serve as a regulator of the market system. It attempts to make the dishonest honest and to make the irresponsible more responsible. In addition, it participates widely in the economy through its fiscal and monetary policies.

Obviously, these policies affect both consumers and businesses.

Show slide RR-22
Effects of Federal
Fiscal Policy

EFFECTS OF FEDERAL FISCAL POLICY

	Economic Problem	Prescribed Fiscal Policy
(A)	Slowing down of the economy, little spending	Increase government spending, or reduce federal taxes or both
(B)	Inflation	Decrease spending, increase taxes
	Possible Reaction	**Normal Effect**
(A)	Greater spending by consumers, more money made available	More jobs created, increased spending power, greater confidence in business and government
(B)	Reduce consumer spending, less money available	Reduced net pay for consumer spending, cutback in consumer spending, decreased demand for goods, gradual reduction in prices

*NOTE: SLIDE IN CHART FORM RR-22

a. The government can alter economic activity by spending, and by raising or lowering taxes. An excessive money supply and rising consumer demand

increases spending and higher prices usually result. If taxes are raised, less money is available to spend, products are not bought, business slows, and prices come down.

Show slide RR-23
Effects of Federal
Monetary Policy

EFFECTS OF FEDERAL MONETARY POLICY

	Economic Problem	Prescribed Fiscal Policy
(A)	Inflation	Tighten money supply, reduce bank reserves
(B)	High unemployment	Increase bank reserves, buy back government securities

	Possible Reaction	Normal Effect
(A)	Interest rates increase, less money	Money is scarce, reduced borrowing, reduced spending, decreased demand for goods, general slowdown in economy
(B)	Increase in economic activity, lower interest rates	Economy strengthened, more loans are made, more money is made available to spend, more jobs are created as spending is increased

*NOTE: SLIDE IN CHART FORM RR-23

b. The tools of monetary policy include the rediscount rate--raising or

lowering the interest rate at which banks can borrow money from the Federal Reserve banks; the reserve requirement ratio--adjusting the ratio of money reserves needed by banks as security for deposits held for its customers; and open market operations--buying and selling government securities. These powers, which are exercised by the Federal Reserve system, along with others, assist in increasing or decreasing the flow of money.

Show slide RR-24
Multiplier Principle
Illustrated

MULTIPLIER PRINCIPLE ILLUSTRATED

Earnings Step	Earnings	Consumption 90%	Savings 10%
1	$ 10,000	$ 9,000	$ 1,000
2	9,000	8,100	900
3	8,100	7,290	810
4	7,290	6,561	729
5	6,561	5,905	656
6	5,905	5,314	591
All Other Steps	53,144	47,830	5,314
Accumulated Totals	$100,000	$90,000	$10,000

RR-24

c. Another factor which increases or decreases the money flow is illustrated by the multiplier principle. The multiplier principle accelerates fiscal and monetary policies of the government as well as private spending. What occurs is that part of earnings will be used for consumption and part for saving. The portion which is used for consumption becomes a second person's earnings. The second person will use part for consumption and part for savings and the pattern will be repeated several times. Thus, the amount of earnings from which the cycle began will be increased or multiplied many times. Increased earnings (through consumption) is about 10 times the original amount. The same is true with consumption and savings amounts respectively. At a 10/90% savings/consumption rate, the multiplier principle will effect a multiplier of 10. To illustrate, if one has a savings rate of 10% (1/10 of 100%) of income, the multiplier is determined by dividing 1 by the rate. For example, 1 divided by

Use the chalkboard to show calculations

1/10 equals 10. If the savings rate were 25% (100% divided by 25% equals 1/4), the multiplier would be 1 divided by 1/4, or 4. A decrease in consumption (increase in savings) would result in a much larger decrease in the flow of funds in the economy.

d. The federal government's role in the economy is largely one of regulation. Through various agencies, departments, Congress, and the executive levels, the government attempts to regulate some aspects of the economy. This is good if the government does not over-regulate, and the regulation is administered fairly to all factions in the economy. Some government agencies have been known to offer preferential treatment to the industries they are supposed to regulate, instead of acting more on behalf of the "public interest." Sometimes the regulatory processes are staggeringly inefficient and make consumer costs artifically high. On the other hand, there are important regulations that protect and aid the consumer. Interventionistic regulation represents a

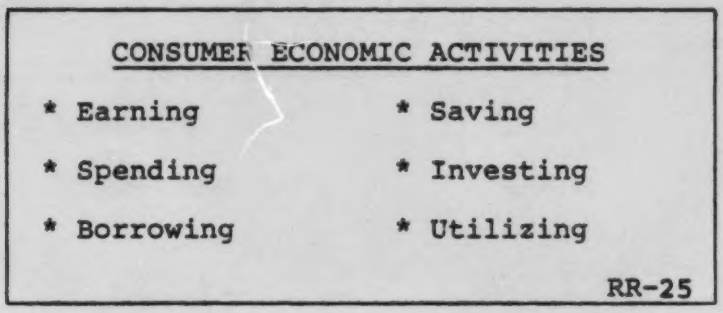
distortion of the free market and all too frequently interrupts the process of supply and demand, a natural production balancer. Benign regulation is designed to be neutral or helpful to all in our society. Traffic laws, safety regulations, pollution standards of all types are examples of benign regulation.

e. Regulatory reform is a paramount issue in many areas. Excessive regulation, no regulation, excessive time-consuming regulation, high costs of regulation, and special interest group-serving regulation are mounting concerns of all the regulatory processes. Many of the governmental agencies that enforce regulations to protect consumers are headed by persons who were formerly employed in the industry they are now charged with regulating. Knowledge about an industry may be helpful to an agency's director and staff, but the end result often times appears to be favoritism toward that industry. The reverse occurs too where the staff members of high government offices leave and work for the industries they formerly

regulated. President Carter has attempted to eliminate such practices by requiring, as a minimum, that all high government officials sign a contract specifying that they will not go to work for the industries they directly regulated for at least two years after leaving office.

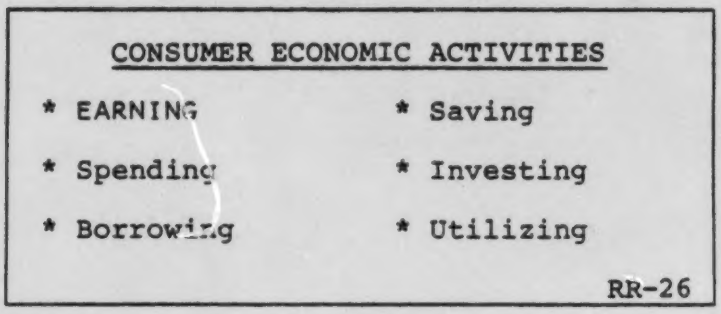
6. The consumer's role in the American market system is to satisfy his economic goals within the system, through personal economic activities.

Show slide RR-25
Consumer Economic Activities



Illustrative of these activities are earning, spending, borrowing, saving, investing, and using.

Show slide RR-26
Consumer Economic Activities--
Earning



a. Earning is a basic economic activity for most individuals. Usually

it is essential for survival. Consumer goods cost money, and for most people money comes through work. Aggregate personal income in the United States amounted to over $1.4 billion in 1979 and is expected to be $1.9 billion in 1982--a healthy economic activity by anyone's standards.

Show slide RR-27 Consumer Economic Activities--Spending

CONSUMER ECONOMIC ACTIVITIES	
* Earning	* Saving
* SPENDING	* Investing
* Borrowing	* Utilizing

RR-27

b. Spending in America amounts to many billions for personal consumptive items--nearly 80 percent of the aggregate of individual earnings. Spending is obviously essential for both tangible wants (food, transportation, clothing, shelter) and intangible wants (entertainment, recreation)--and this amount of spending, again, indicates a healthy amount of consumer activity.

Show slide RR-28
Consumer Economic
Activities--
Borrowing

CONSUMER ECONOMIC ACTIVITIES	
* Earning	* Saving
* Spending	* Investing
* BORROWING	* Utilizing

RR-28

c. Most consumers must at some time borrow. In a recent year, over $173 billion was borrowed by Americans and classified as installment credit. More than $84 billion or about 49 percent of this installment credit was borrowed from commercial banks. And approximately $17 billion or about 10 percent was in the form of installment credit extended by retail stores.

Show slide RR-29
Consumer Economic
Activities--
Saving

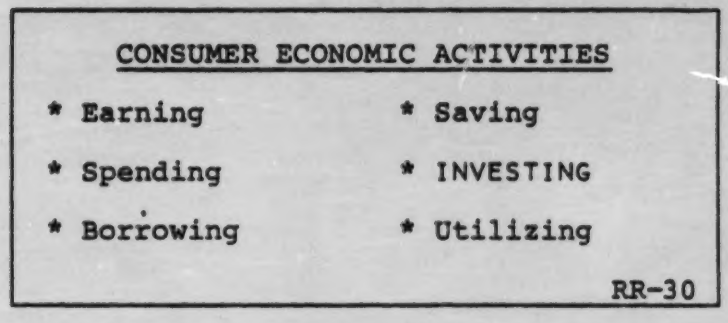
CONSUMER ECONOMIC ACTIVITIES	
* Earning	* SAVING
* Spending	* Investing
* Borrowing	* Utilizing

RR-29

d. In 1977, aggregate personal savings in America amounted to about $98 billion. It is expected to rise to about $130 billion by 1982. This amounts to about 7 percent of aggregate personal income. Savings encourage

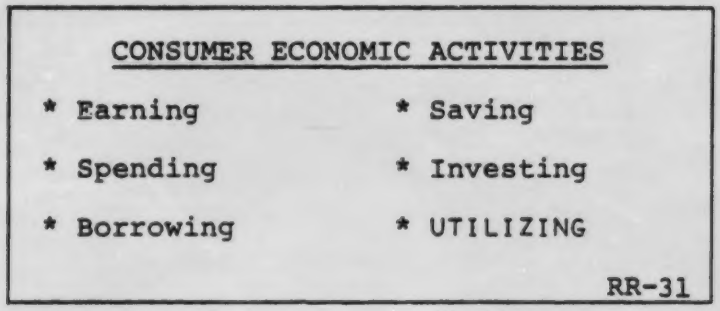
one to spend less now in order to spend more later. In addition, this forfeiting of spending now allows one to enjoy potential future earnings, perhaps in the form of interest.

Show slide RR-30
Consumer Economic Activities--
Investing



e. Investing is the use of current earnings to increase future income by buying stocks, bonds, real estate, or commodities. Individual holdings represent a significant segment of the total investment in American businesses and government. As with savings, investing requires the sacrifice of current needs and wants for potential future income.

Show slide RR-31
Consumer Economic Activities--
Utilizing



f. Another personal economic activity very important in the life-style of the consumer is utilizing. As used here the term "utilizing" is defined as "the process of making effective and proper use of." When applied to personal economic activities, utilizing means using earnings, goods, services, and time effectively.

7. The history of the consumer movement in America is a record of change. Historically, it has passed through five periods: Before the 1890's; from the 1890's to 1929 (early consumer movement); from 1929 through the 1950's (renewed consumer interest); the 1960's (consumerism); and the consumer movement of today.

a. Before the 1890's, consumers lived highly individualistic lives. They wanted freedom and independence, and were extremely self-reliant. They were basically self-sustaining, cooperative, and giving, yet their welfare as consumers depended, in part, upon the honesty and buying skills of a few local shopkeepers. Most goods had no trademark and few had brand names. The wise

consumer knew his merchandise and attempted to protect himself by avoiding shoddy products. But, he had virtually no protection against merchants who raised prices needlessly and could do little to stop the frauds of misbranding and adulteration. Toward the end of the century, industrialization, along with the growth in population, brought people to the cities. A nationwide system of railroads began to serve the economic needs of the 40 percent of the population which had moved into urban areas. The period was characterized by urban poverty, tenement housing, immigrant ghettos, municipal corruption, hazardous working conditions, sweat shops, child labor, and a variety of consumer problems. The populists and progressives promoted economic and social changes, volunteer groups of "do-gooders" concerned themselves with local issues, and unions sought equity for people of the working class.

b. The years from the 1890's through the 1920's were the period of the early consumer movement, and provided many of the foundations for today's

consumer activities. The first consumers' league was formed in 1891 in New York City, and in 1899, the National Consumers' League (which is still active today) was founded. Soon branch offices were established in 20 states. A feeling for the times can be seen in typical newspaper headlines:

Show slide RR-32
Headlines 1890-1920

HEADLINES 1890-1920

* Standard Oil "Trust" succeeds through bribery, graft, fraud, violence, and the destruction of competition
* Agriculture Department documents 1,400 pages of food adulteration
* Formaldehyde used as food preservative
* Groups oppose food and drug legislation, including American Medical Association
* The Jungle makes country sick
* President Roosevelt investigates
* Pure Food and Drug Law passes Congress
* Chicago Housewives League formed to check sanitary conditions in food stores
* U. S. enters World War

RR-32

c. From the 1920's through the 1950's patriotic fever, wartime shortages, and postwar readjustments diverted much

attention from consumer problems, although the early 1920's brought rising consumer incomes. More and newer products appeared for sale, and expenditures for advertising exceeded $3 billion annually, a level not reached again until 1947. Buyers, confused with the growing array of products, purchased more than one hundred thousand copies of the 1927 best-selling book by Stuart Chase and F. J. Schlink, Your Money's Worth. It attacked most advertising and called for scientific and product standards. Consumers' Research, Inc. was formed by Schlink in 1928 as were a number of other product-testing laboratories, some of which were run by department stores and trade associations. Because of a variety of circumstances, renewed consumer interest occurred from the 1920's through the 1950's. The Great Depression of the 1930's came, and with it typical headlines that tell about the times:

Show slide RR-33
Headlines 1920 to 1960

HEADLINES 1920-1960

* One-third of labor force unemployed
* Bargain sales of pre-depression merchandise
* Consumers should beware of shoddy merchandise
* Is advertising responsible for the wasteful proliferation of brands and costing consumers more?
* "Wear it out, use it up, make it do"--New consumer slogan
* Consumer Advisory Board (CAB) to advise government
* CAB declared unconstitutional
* Picketing Detroit housewives force meat price to roll back 20 percent
* Employees on strike at Consumers' Research, Inc.
* New testing group organized--Consumers Union, Inc.
* Pure Food and Drug Law now outdated
* New sulpha wonder drug kills nearly 100 people
* Improved Food and Drug Law passes Congress

RR-33

The next postwar period saw strong economic growth and rising consumer incomes. Circulation for Consumer Reports magazine grew to almost a half-million by 1950. In 1956, the National Association

of Consumers, a small consumer interest group, quietly disappeared in a merger with the Council on Consumer Information. Grass-roots issues affecting consumers were not numerous, but the increased use of installment credit, the new-home buying, and the purchasing of new durable products did provide some incentive for including consumer education courses in the schools.

d. The beginnings of the fourth era of consumer interest occured during the 1960's. Americans became more receptive to self-criticism concerning social and economic problems, many of which were of deep concern to all consumers. John F. Kennedy presented the historic first presidential message to Congress to be directed at consumer concerns, and this message served as a springboard for a new surge of interest in consumer affairs. The thalidomide drug scandal came to light, the Kefauver-Harris Drug Hearings called attention to the uncontrolled manufacture of drugs, and a Consumer Advisory Council to President Kennedy's Council of Economic Advisors, was

established. In January of 1964, President Johnson created a new White House position, Special Assistant for Consumer Affairs, and with White House visibility, consumer concerns became front-page news. In February of 1964, Johnson sent a message to Congress urging passage of 12 new consumer laws and the liberal landslide election in 1964 gave strength to those calling for reforms. In 1966, the publication of Ralph Nader's book, Unsafe at Any Speed, jolted General Motors and spurred the passage of the National Traffic and Motor Vehicle Safety Act later that year. Consumerism of the sixties also saw housewives boycotting supermarkets because of high meat prices; exposes in the form of books, news articles, radio and television programs; organization of local consumer-action groups; a flurry of legislative action on national and state levels; scandals concerning foods, fabrics, drugs, credit, and product safety; further presidential support by Lyndon B. Johnson and Richard M. Nixon through

more consumer messages; consumer education courses being introduced into many public schools; an increased media interest in consumer issues as news; and a general broadening of support for consumer concerns. In 1968, the Consumer Federation of America was formed to lobby for consumers in Washington, D. C., primarily on issues of national concern. Its strength came from the nearly 200 other consumer organizations which were members. The "ism" in consumerism became appropriate because once-quiet consumers were organizing and speaking out on a wide spectrum of issues. Active leaders were almost militant in promoting the needed equality for consumers.

1) During the 1960's, local, state, and federal legislation was the traditional government response to consumer problems. If a problem arose, it seemed logical to write a new law, start a special agency, and/or create a commission to study the matter and make recommendations. In addition, the existing and newly created organizations tried to do a more vigorous

job. By the end of the decade, there were almost 50 complaint departments in the federal agencies and more than 225 county and city consumer offices. Consumers soon discovered that putting laws on the books was one thing but enforcing them was another. In spite of that realization, several localities tried and succeeded in passing strict laws and regulations designed to better protect consumers. Civil and criminal penalties against offenders; injunctions against unethical merchants to put them out of business; licensing of business services (such as television and automobile repairs); required posting of octane ratings for gasoline; prohibition of pyramid sales promotions; and "Little FTC Acts" aimed at making it unlawful to use fraud, deception, or false pretense in the sale or advertising of any merchandise became relatively common. Localities banned advertising of items for sale when sufficient quantities were not readily available and prohibited wage garnishment and confession of judgment clauses

in legal contracts. The federal legislative rush to protect consumers resulted in more than 150 bills being proposed--many for political reasons only. As a result, less than twenty of the bills were passed. Many major pieces of legislation were never acted upon, and enforcement of laws written was typically very weak. Nevertheless, the "consumerism decade" on the legislative front made tremendous progress compared to earlier years.

2) The social consciousness of the early 1960's, rising incomes of consumers, and higher expectations of quality (suggested primarily through advertising) were signs that could have been used to predict the "consumerism" of that decade. Inflation, beginning in the mid-1960's, and rising unemployment, combined with the louder voices of consumer advocates, finally convinced business that consumerism was a force to be reckoned with. In the early 1960's, the typical response was "ignore them and they will go away." But during the mid-sixties, the earlier caveat emptor--let the buyer beware

concept--changed to caveat venditor--let the seller beware! Fear was the reason. Some business persons said, "fight the consumerists! Save our free enterprise system!" Others co-operated with the demands of consumers when it did not cost them too much, and sought the help of consumers knowing that therein lay improvement in their public relations and better sales. Comparatively few, especially during the late sixties, actually looked upon the consumer movement as an opportunity.

Show slide RR-34
Early Business Response
To Consumer Legislation

EARLY BUSINESS RESPONSE TO CONSUMER LEGISLATION

* Deny everything
* Blame wrongdoing on small companies
* Discredit critics
* Hire a public relations person
* Defang the legislation
* Launch a fact-finding committee
* Actually do something

RR-34

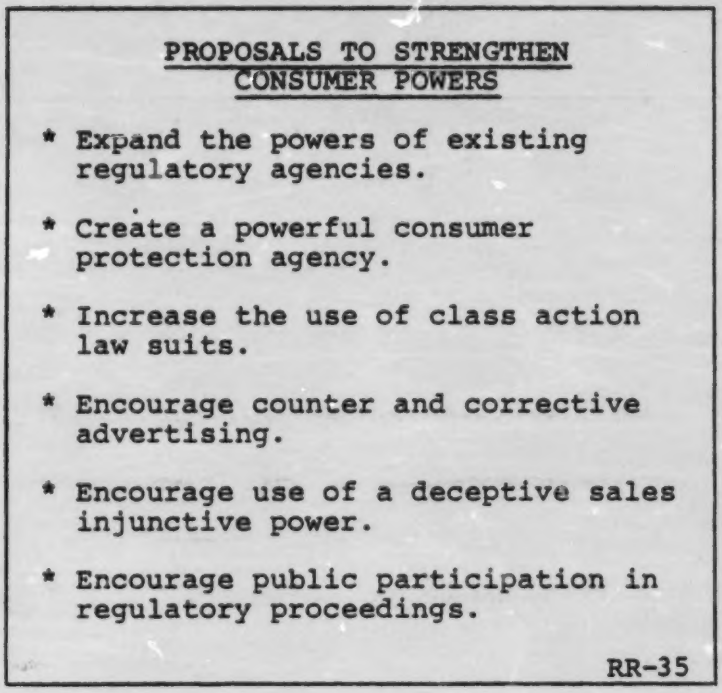
3) The typical business response to government regulation, and to consumer issues of the sixties, was concisely stated by the editors of

Business Week. The initial, automatic response of businesses was to deny everything, followed by blaming someone else, trying to discredit critics, improving their public image, gutting the legislation if possible, starting an investigation, and finally, actually doing something.

e. The current and fifth era of consumer interest is one of maturation and organization on behalf of consumers. Most of the big issues concerning the quality of life in recent years, such as credit, food and drugs, product safety, and warranty protection have been addressed. Thus, today's consumer movement is primarily concerned with improving the effectiveness of existing legislation and the organizations that carry out consumer protection activities. The movement continues to research and lobby for supplemental legislation to accomplish the above and provide relief for some remaining areas of considerable consumer concern. The seller/consumer conflict will always remain because of the fundamental differences in motivation and direction. However, today's

consumer movement includes a maturation of these relationships, too. Being accusatory is no longer the norm, and cooperation is more often the course of action.

Show slide RR-35
Proposals to Strengthen
Consumer Powers


PROPOSALS TO STRENGTHEN
CONSUMER POWERS
* Expand the powers of existing regulatory agencies.
* Create a powerful consumer protection agency.
* Increase the use of class action law suits.
* Encourage counter and corrective advertising.
* Encourage use of a deceptive sales injunctive power.
* Encourage public participation in regulatory proceedings.
RR-35

8. Six moderate and realistic proposals for strengthening the role of consumers in preventing and solving consumer problems should be considered.

a. The powers and personnel, as well as funding, of existing regulatory agencies should be expanded. This would result in a more effective government role in consumer protection.

b. A powerful consumer protection agency should be created at the

federal level. It should be independent and have the authority to advocate and defend consumer interests before federal regulatory agencies and the courts. It should also have the authority to seek information from businesses that would assist in identifying areas of real or potential consumer abuse.

c. Increased use of class action lawsuits on both the federal and state levels should be provided for. Such lawsuits are generally aimed at price fixers who are in apparent violation of antitrust laws. They permit members of a common class, such as consumers, to band together to seek joint redress of their grievance. Many states prohibit such lawsuits and recent U. S. Supreme Court rulings have inhibited the filing of federal court cases to such an extent that few class action lawsuits are being filed.

d. Counter advertising and corrective advertising should be encouraged. Counter advertising provides a way to rebut claims made by advertisers on public-interest issues whereby consumer groups could obtain

television or radio time to respond to advertising that stresses just one side of a controversial issue. Corrective advertising is remedial in concept, and has on occasion been ordered by the Federal Trade Commission. It is intended to take away the advantage an advertiser may have gained through unfair advertisements and to serve as a deterrent to future deception. The procedure is to run advertisements which "tell the truth" and thus restore the competitive situation to what it was before the unfair advertisements were run.

e. The use of a deceptive sales injunctive power by various regulatory agencies on the federal and state levels should be encouraged. Typical government weapons against deceptions include cease and desist orders and consent agreements, a company and the government agree that a particular practice (probably deceptive or illegal) will not be engaged in by the company in the future. Consent agreements usually accompany cease and desist orders. These are formal orders by governmental agencies, such as the Federal Trade Commission,

directing companies to stop doing something and to refrain from doing it in the future. Since most orders are not really punitive, consent agreements are often signed. When the company involved refuses to sign such an agreement, the case then goes to the courts for legal action and resolution. If a deceptive sales injunctive power were available, deceptive and fraudulent sales practices could be stopped immediately. The Federal Trade Commission already has such authority, but rarely uses it, and most state agencies do not have such powers.

f. Public participation in regulatory proceedings should be encouraged. Too often on both the federal and state levels, there is little input from consumers on issues of concern to them. A recent study of the appointments' calendars of 39 regulatory commissioners on the federal level showed that they had 10 times as many meetings with industry representatives as they had with consumer representatives. In another study of the Food and Drug Administration, it was found that "less

than 45 percent of the adjudicatory proceedings of the FDA had public interest groups participate." Therefore, consumer groups want legislation that will permit broader participation and representation of under-represented consumers and small businesses who normally cannot afford participation in agency and court proceedings. What is desired is reimbursement for reasonable attorney and expert witness fees and related expenses. Some federal agencies already have limited funds for such purposes, generally to pay expenses to hear "a point of view that normally would not be represented." However, such occasions are rare on the federal level and non-existent on the state level.

Show slide RR-36
Basic Economic
Belief Systems

BASIC ECONOMIC BELIEF SYSTEMS

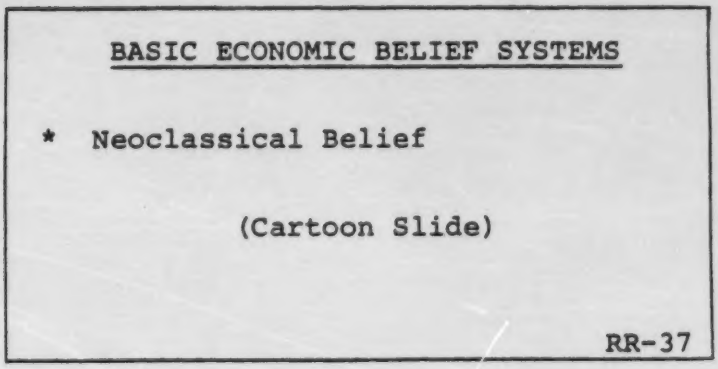
* Neoclassical
* Managerial
* Liberal-Galbraithian

RR-36

9. Consumer protection proposals are both numerous and controversial, and the major reason for controversy is

differing economic ideologies. There are three basic economic ideologies prevalent in American society today: the Neoclassical Belief System, the Managerial Belief System, and the Liberal-Galbraithian Belief System. Each has its own set of beliefs about the structure of our economy, how the companies in the U. S. behave, and the effects of that behavior upon consumers. Additionally, each ideology has its own beliefs about the best ways to remedy consumer problems and whether or not certain things are in fact consumer concerns.

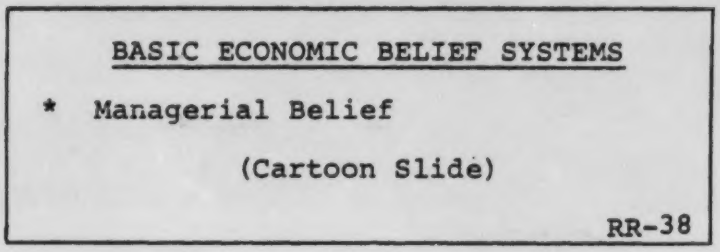
Show slide RR-37 Basic Economic Belief Systems-- Neoclassical



a. The Neoclassical Belief System holds that our economy is, or should be, basically

a free enterprise competitive system. Adherents see the economy governed by vigorous competition among firms, primarily based upon price. The role of the consumer is that of an intelligent shopper who is basically immune to being manipulated by advertising and other forms of persuasion. Consumers cast their "dollar votes" for the products and services they really need, and their power over the marketplace is characterized as "consumer sovereignty."

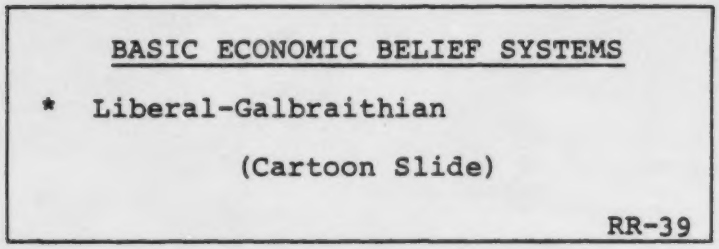
Show slide RR-38 Basic Economic Belief Systems-- Managerial Belief



b. The Managerial Belief System emphasizes the important role of the professional manager in today's modern corporations. It recognizes that the economy is dominated by large corporations and that competition is based on many things other than price. Crucial to this system of thinking is the belief that corporate managers serve responsibly, almost as trustees, for

workers, shareholders, and consumers. Of great importance is the recognition that advertising does affect consumers by stimulating demand which is so important in ensuring a high level of overall economic activity. The importance of government is, primarily, to help maintain this high level of economic activity. Some need for government action to protect consumers is acknowledged but the Managerial Belief System holds that the best protection for consumers comes from corporate competition and the corporate managers sense of responsibility. Consequently, businesses should be self-regulatory in their actions while government should work toward removing barriers to competition.

Show slide RR-39
Basic Economic
Belief Systems--
Liberal-Galbraithian



c. The Liberal-Galbraithian System has its roots in the reform tradition of the turn of the century and the Liberal Reform Movement of the 1960's. The economy is perceived as

being dominated by monopolies, oligopolies, and shared monopolies. These corporations work with little competition to serve their own ends which are security and continued growth. They are called the "planning system." The remaining smaller firms are called the "market system." Consumers are not viewed as the dominant force in the economy since advertising effectively shapes their values and beliefs to accommodate the needs of the planning system. Consumer problems arise from unchecked corporate power and typically include excessive prices, unsafe products, and difficulty in seeking redress.

d. Reactions to consumer protection proposals vary widely given the diverse opinions held by Americans. The widest support seems to be for proposals that suggest the availability of more comprehensive product information provided that it is low in cost, reaches many consumers, comes basically from business, and involves a minimum of government involvement. Information, per se, encourages competition and more and better products--a goal valued by

all three belief systems. Antitrust proposals receive the least support. Liberal-Galbraithian believers would favor such actions or, as an alternative, price controls. Those holding to the Managerial Belief System would not favor antitrust activities if they were perceived as reducing the effectiveness of the corporate manager in responsibly serving the needs of consumers and maintaining a high level of economic activity. The Neoclassicists, of course, would fear any kind of government intrusion. Proposals for safety-related concerns receive mixed support since those in the Managerial Belief System and the Liberal-Galbraithian Belief System agree with government involvement while the Neoclassicists do not.

C. Summary and Evaluation

Summary Suggestions

At the end of your presentation you may wish to:

1. Give a general summary.
2. Answer any questions as time allows.
3. Administer a quiz designed to measure the accomplishment of objectives. If a quiz is given, review the answers and explain any areas where there seems to be a marked lack of understanding.
4. If an evaluation form is to be used, it should be distributed and collected at the conclusion of the presentation and question period.

RIGHTS AND RESPONSIBILITIES IN THE MARKETPLACE

Informational Sheet

RECENT CONSUMER PROTECTION LEGISLATION AND RULINGS

Year Passed*	Law	Major Provisions
19__	Consumer Cooperative Act	To facilitate the establishment of consumer cooperatives for buying direct and in quantity from producers.
19__	Public Participation Act	To provide funds for reimbursement of costs and expenses of persons testifying before regulatory agencies, such as consumers and owners of small businesses.
19__	National No-Fault Automobile Insurance Act	To provide for a comprehensive automobile insurance program in which accident victims' personal injury expenses are paid by their own insurance companies, regardless of who is at fault; sets minimum federal standards.
19__	National Health Insurance Act	To provide for a comprehensive national health insurance program combining private and social fundings for all Americans.
19__	Class Action Lawsuit Act	To facilitate joint redress through the courts when groups of consumers have common grievances.
19__	Consumer Protection Agency Act	To provide for a formal consolidation of existing Federal consumer offices and to provide advocates to present the positions of consumer interests in Federal decision-making; includes authority to appeal cases to the courts.

*Where the year is not indicated, the legislation or ruling is presently being considered.

Year Passed	Law	Major Provisions
1978	National Energy Act	To provide a formalization of a national energy policy directed at encouraging conservation of resources; provides for general tax incentives and penalties, promotion of research for alternative energy sources, and phasing out price regulation of oil and natural gas.
1977	Emergency Natural Gas Act	Empowers President and Federal Power Commission to authorize emergency transportation and deliveries of natural gas during periods of shortage in certain locales.
1977	Hearing Aid Regulation	Requires medical examinations prior to hearing aid purchases, but permits waiver of the examination.
1977	Creation of Department of Energy	Creates a new executive department to consolidate existing energy programs and to coordinate a national energy policy.
1977	Fair Debt Collection Practices Act	Restricts unfair techniques used by debt collectors.
1976	Health Professions Educational Assistance Act	Restricts the recruiting of alien hospital interns and residents.
1976	National Consumer Health Information and Health Promotion Act	Authorizes grants to develop health information programs. Expands program to control venereal diseases. Extends HEW & CPSC lead-based paint poisoning programs.
1976	Toxic Substances Control Act	Regulates commerce and protects human health and the environment by requiring testing and necessary use restrictions on certain chemical substances.

Year Passed	Law	Major Provisions
1976	Cosmetic Labeling Ruling	Requires ingredient listing on cosmetic labels, excluding "trade secrets" as ordered by the Food and Drug Administration.
1976	Consumer Leasing Act	Requires detailed disclosures of terms and cost by companies leasing certain merchandise.
1976	Medical Devices Amendments	Expands FDA's authority to regulate the marketing of certain medical devices.
1976	Holder-in-due-course Ruling	Preserves rights of consumers regarding undelivered, damaged, or incorrect goods when the credit contract is held by a third party as ordered by the Federal Trade Commission.
1975	Metric Conversion Bill	Provides for voluntary switchover by American industry to the metric system, and establishes a metric conversion board to coordinate the U. S. effort.
1975	Auto Recall Repair Law	Requires tire, auto, and replacement part makers to offer refund, replacement, or refund options on defective products.
1975	Energy Policy and Conservation Act	Requires energy efficiency labels on various home appliances. Specifies mandatory fuel economy standards for autos. Gives President of U. S. conditional fuel rationing powers.
1975	Emergency Housing Act	Authorizes temporary assistance to help defray mortgage payments on homes owned by temporarily unemployed or underemployed persons.
1975	Home Mortgage Disclosure Act	Required mortgage lenders above a prescribed size to disclose where they make their mortgage loans.

Year Passed	Law	Major Provisions
1975	Consumer Goods Pricing Act	Repeals "fair trade" laws in states which still have them.
1975	Equal Credit Opportunity Act	Prohibits creditors from discriminating against consumers on the basis of race, sex, age, etc., and from applying inconsistent standards in granting credit.
1974	Real Estate Settlement Procedures Act	Provides uniformity disclosures of the costs involved in closing real estate transactions.
1974	Privacy Act	Gives individuals right of access to information on files about them. Restricts Federal agency distribution of mailing lists.
1974	Employee Retirement Income Security Act	Establishes standards of conduct for administrators of pension plans. Establishes funding, participation, and vesting requirements.
1974	Fair Credit Billing Act	Assists consumers in resolving credit disputes. Protects against credit card liabilities for defective products.
1974	Education Amendments of 1974	Creates Office of Consumers' Education in the Office of Education and establishes grant programs for public consumer education programs.
1974	Magnuson-Moss Warranty-FTC Improvement Act	Authorizes FTC to set rules under which manufacturer must disclose terms and conditions of warranties given on products costing more than $5.
1974	Safe Water Drinking Act	Amends Public Health Service Act by adding Title XIV, assuring that the public is provided with safe drinking water.

Year Passed	Law	Major Provisions
1974	Housing and Community Development Act	Establishes a program of community development block grants. Directs the establishment of Federal construction and safety standards for mobile homes.
1974	Transportation Safety Act	Improves protections afforded the public against risks connected with the transportation of hazardous materials.
1974	National Mass Transportation Assistance Act	Increases Federal assistance to mass transportation systems.
1973	Trans-Alaska Pipeline Authorization and FTC Improvements Act	Expands FTC power to seek temporary restraining orders and preliminary injunctions, and raises maximum fines for violation of FTC orders.
1973	Health Maintenance Organization Act	Amends Public Health Service Act regarding the establishment and expansion of a Health Maintenance Organization (HMO's).
1973	Emergency Petroleum Act	Authorizes and requires President of U. S. to allocate refined petroleum products to deal with existing or imminent shortages and dislocations in the national distribution system which jeopardize public health, safety, and welfare.
1972	Consumer Product Safety Act	Creates the Consumer Product Safety Commission (CPSC), and transfers to it the enforcement of the Flammable Fabrics Act, Federal Hazardous Substance Act, and Poison Prevention Packaging Act.

Year Passed	Law	Major Provisions
1972	Noise Control Act	Establishes controls of noise detrimental to the human environment. Authorizes the establishment of Federal noise standards.
1972	Drug Listing Act	Requires drug manufacturers and processors to provide FDA with a list of all their products in commercial distribution. Requires over the counter (OTC) drug manufacturers to submit lists of active ingredients in their products.
1972	Motor Vehicle Information and Cost Savings Act	Establishes bumper standards, specifies that tampering with odometers will be a Federal offense, and permits similar regulations to be issued.
1970	Poison Prevention Packaging Act	Authorizes the establishment of standards for child-resistant packaging of hazardous substances.
1970	Fair Credit Reporting Act	Restricts access to credit files by unauthorized persons, and specifies procedures for correcting incorrect information in files.
1970	Amendments to the Truth in Lending Act	Prohibits distribution of unauthorized credit cards. Establishes a $50 limitation on cardholder liability for unauthorized card use.
1970	Rail Passenger Service Act	Provides financial assistance for and establishment of a national rail passenger system. (AMTRAK).
1970	Egg Product Inspection Act	Establishes standards for inspection by USDA of certain egg products in interstate and foreign commerce.

Year Passed	Law	Major Provisions
1970	Occupational Safety and Health Act	Provides for the establishment and enforcement of standards for safe and healthful working conditions.

MULTIPLE CHOICE QUIZ

1. The greatest source of help for consumers is

   a. information and awareness.
   b. federal regulations.
   c. honest manufacturers.
   d. consumer protection agencies.

2. Complaining about products and services, when appropriate, is

   a. usually not helpful.
   b. of little importance.
   c. a basic consumer right.
   d. of little value.

3. Consumer suggestions and complaints to both business and government

   a. have no effect.
   b. typically are ignored.
   c. usually have no impact.
   d. help contribute to future planning and policy-making.

4. Exercising proper judgment and independent thinking when making purchases is a consumer

   a. responsibility.
   b. satisfaction.
   c. shopping ability.
   d. right.

5. Dollar votes by people have the greatest effect on amounts of goods produced

   a. in a planned economy.
   b. in a free market economy.
   c. where there are few porducts from which to choose.
   d. where there are many products but few firms.

6. A consumer has the responsibility to help improve a product by

   a. throwing away faulty products.
   b. warning friends about poor products.
   c. complaining about poor products.
   d. refusing to buy poor products.

7. One who tries to return a product <u>after</u> the warranty has expired, while claiming that the warranty is still effective is

   a. probably right.
   b. wrong.
   c. justified by businesses' actions.
   d. getting their money's worth.

8. Regarding safety in a product, one has a responsibility to

   a. seek information.
   b. register complaints.
   c. honor obligations.
   d. use the product properly.

9. If a consumer has a complaint about a product, he should begin with the

   a. manufacturer.
   b. local retail establishment.
   c. Better Business Bureau.
   d. State Consumer Protection Agency.

10. Which of the following best helps to insure a fair marketplace for buyers and sellers?

   a. increased funding for government agencies
   b. citizen participation
   c. anti-trust regulations
   d. higher prices

ANSWERS: 1-a, 2-c, 3-d, 4-a, 5-b, 6-c, 7-b, 8-d, 9-b, 10-b

DISCUSSION QUESTIONS

1. Is it the role of government to insure the safety of products?

2. Can it be said that consumers do not know where to go to register complaints besides the business itself?

3. Do consumers already have adequate information about products and services?

4. What are the roles of business, the federal government and consumers as they interact in the functioning of the American marketplace?

5. What is meant by an economic ideology?

6. Describe three economic ideologies. With which would you identify?

7. Are consumers rights in the marketplace balanced by responsibilities?

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